

Sponsored Facility Payment Reconciliation

- PURPOSE:** To specify the requirement for facility payment reconciliation.
- SCOPE:** All sponsors participating in the Child and Adult Care Food Program (CACFP).
- DESCRIPTION:** A correctly prepared reconciliation report allows the institution and the State Agency to trace each and every transaction between the facility, the sponsor, and the State agency. Often, sponsoring organizations lack reconciliation records.

Without adequate reconciliation records, sponsors cannot meet the regulatory requirements of assuring each sponsored facility received the correct payments during the fiscal year and without that information a State Agency can not meet its regulatory obligations of ensuring the sponsoring organization is properly disbursing the funds its receives.

The purpose of the reconciliation record is to provide, in a single location, all of the claiming and payment information about the specific facility. Reconciliation reports in the CACFP are the same documents businesses call vendor or supplier reports. The elements needed to fulfill this CACFP requirement result from applying the requirements of Generally Accepted Accounting Principles.

The reconciliation record is the facility's payment history that links each and every payment with the facility's meal count and cost records. These reconciliation reports taken as a whole verify every original and adjusted meal count on the claim for reimbursement.

A facility reconciliation record is supported by:

1. Facility meal count and menu records,
2. Cost records, when applicable,
3. Claims for reimbursement, and
4. Bank account information.

FNS Instruction 796-2, revision 3, now contains specific requirements for sponsored facility reconciliation records.

The reconciliation report has four major financial reporting components consisting of funds earned, claimed, received, and disbursed.

Reconciliation records must be sufficiently descriptive to document for every facility payment. They should include:

1. The type of payment requested or made on behalf of a facility;
2. The date of each request or payment;
3. The amount of each request;
4. The amount received for that request;
5. The amount of that request disbursed to each facility; and
6. An explanation of all differences between requested and paid amounts.
7. It must also confirm all funds requested on behalf of the specific facility were disbursed to that same facility within the five day time requirements.

For each reimbursement claim filed on behalf of a facility, reconciliation records must include:

1. The claim month and amount;
2. The date that each facility's meal counts and when applicable, cost data was received and claimed for reimbursement.
3. The amount and date for the original claim and
4. each amended claim identified separately.
5. An explanation of any difference between the amount claimed and the meal count and cost data submitted by the facility for the original claim and each amended claim.

For every facility payment received from the State agency, reconciliation records must include:

1. The amount and date;
2. The advance or reimbursement payment was received, with each facility's amount identified, and
3. An explanation of any differences between the amount requested and the amount received.

Every facility payment received must have a corresponding disbursement entry in the reconciliation record. This identification includes:

1. The amount and date of each payment issued to that facility,
2. Every payment identified as reimbursement, original or amended.
3. An explanation of any adjustments between the amount received from the State agency and the amount paid to the facility; and
4. Each disbursement identified with a check number or EFT routing number, the date of issuance and the date the check was cashed or EFT funds transferred.